GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:158
ANSWERED ON:27.02.2003
POWER REFORMS IN THE COUNTRY
MAHBOOB ZAHEDI;VIRENDRA KUMAR

Will the Minister of POWER be pleased to state:

(a) whether some State Governments specially Madhya Pradesh have madeany agreement with the Centre to bring about reforms in the power sector;

(b) if so, the salient features of the agreement; and

(c) the assistance sought by these State Governments from the Centre under the agreement?

Answer

THE MINISTER OF POWER (SHRI ANANT G. GEETE)

(a) to (c) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF STARRED QUESTION NO. 158 TO BE ANSWERED IN LOK SABHA ON 27.02.2003 REGARDING POWER REFORMS IN THE COUNTRY.

(a) to (c) : Yes, Sir. 26 States have signed Memoranda of Understanding (MoU) with the Ministry of Power for undertaking reforms and restructuring of the power sector in a time bound manner and linking the support of Government of India to achievement of predetermined milestones. Government of Madhya Pradesh entered into an MoU with the Government of India on May 16, 2000.The salient features of the MoU are as under:

Reform programme by State Government

? Reorganization of State Electricity Boards.
? 100% electrification of villages and hamlets.
? Energy audit at all levels.
? Setting up of State Electricity Regulatory Commissions.
? Rationalization of tariffs.

The assistance sought from Government of India under the MoU, inter-alia, includes :

? Supply of additional power from the Central generating stations.

? Strengthening and improving the transmission network by Power Grid for enabling additional power to the State.

? Extension of financial support to the States to upgrade its sub-transmission and distribution network in a phased manner.

? Providing technical consultancy assistance for studies for system loss reduction programme which would include appropriate technology including a high voltage distribution system in a phased manner.

? Financial assistance to the States for executing the system loss reduction programme. Assistance will also be provided from Central Government companies such as NTPC, NHPC, PFC, POWERGRID on adoption of best commercial practices including accounting policies by the restructured entities.

? Provide assistance in obtaining funding for 100% electrification of villages and hamlets.

? Relaxation of normal conditionalities relating to exposure limit, Rate of Return, Debt Service Coverage Ratio for financing investments by Power Finance Corporation.

? Extension of support to proposals relating to additional investment in power generation in the State.

? Allocation of additional power from new central generating stations directly to the commercially viable distribution company in the State.